

COMMISSION FOR HIGHER EDUCATION

Friday, December 10, 1999

DECISION ITEM C-1: Construction of Student Residence Facility at the University of Southern Indiana

Staff Recommendation That the Commission for Higher Education recommend approval to the State Budget Agency and the State Budget Committee of the project *Construction of Student Residence Facility at the University of Southern Indiana*, as described in the project description and staff analysis dated November 23, 1999.

Background

By statute, the Commission for Higher Education must review all projects to construct buildings or facilities costing more than \$200,000/year, regardless of the source of funding.

The Trustees of the University of Southern Indiana request authorization to proceed with construction and financing of one student residence facility, to be completed by Fall 2001. The total cost is \$6,200,000, to be financed with bonds funded through student rental fees. The project would add 228 beds, bringing the total on-campus housing capacity to 2,686 beds (net of 64 beds taken out of service for renovation).

In March 1998, the Commission signaled its likely support for future USI student housing projects, provided that the number of total on-campus beds does not exceed 55 beds per 100 annual full-time-equivalent students from the USI Primary Service Area.

Following completion of this project, the available beds will yield almost exactly 55 beds per 100 FTE students from USI's eleven-county primary service area.

Supporting Document *Construction of Student Residence Facility at the University of Southern Indiana: Project Description and Staff Analysis*, November 23, 1999.

CONSTRUCTION OF STUDENT RESIDENCE FACILITY AT THE UNIVERSITY OF SOUTHERN INDIANA

November 23, 1999

Project Description and Staff Analysis¹

Description of the Project

The University of Southern Indiana proposes the construction of one 66-unit student residence building with a combination of one and two-bedroom apartments. The residence building with fifty-four (54) two-bedroom apartments and twelve (12) one-bedroom apartments, will accommodate two-hundred twenty-eight (228) students and will be located in a wooded area south of the Physical Activities Center. The proposed facility is the same general design as the first two suite-style facilities. However, several improvements and enhancements have been incorporated into the architectural design of the project including the addition of twelve (12) two-bedroom apartments to accommodate forty-eight (48) additional students. Each wing of the building will be extended with the addition of two suite-style apartments.

The three story building will include a central entrance with interior corridors; a centrally located lounge and reception area; a computer laboratory on each floor; a laundry facility; and, a multipurpose room on the main level. The two-bedroom units with two (2) bathrooms will accommodate four (4) students and the single units with one bathroom will accommodate one (1) student. The total square footage of a two-bedroom unit is approximately 725 square feet with approximately 530 square feet in the one-bedroom unit. Each apartment will include a kitchenette; a common living area for the residents; and technological enhancements for computer networking.

The construction of the building will be a combination of wood framing, masonry block walls where needed for fire blocks, brick exterior, gypsum board walls and ceilings, and light weight concrete floors. The building will be heated, cooled, and ventilated by a water source heat pump.

The location of the proposed student residence facility is in a wooded area south of the Physical Activities Center. The facility is designed to blend into the natural habitat and terrain of the area with site improvements planned to provide access by pedestrians and vehicles into a safe and well lighted area. Every effort will be made to preserve the natural beauty of the site with only selective removal of the woodlands for construction of the residence facilities. The existing Parking Lots D and E with 494 spaces will provide primary parking for this development.

¹The *Staff Analysis* is a Commission staff work product. Other portions of this document, including the Project Description, are extracted from documents authored by the institution, with occasional editing to conform to Agenda presentation style.

Planning Changes

The Ten-Year Housing Plan for 1996-2005 was completed by the University in May 1996. The Plan outlined the University's objectives for future on-campus housing and served as the program statement for the development of the suite-style student residence facilities. The alternative style of student housing incorporates the best aspects of apartment style living with the strengths of more traditional residence halls and was developed to primarily respond to the unique needs of freshmen students. In fall 1999 the first 54-unit suite-style student residence hall opened with 180 beds with a second facility scheduled for completion for fall 2000. The new design has been well received by students. It provides an alternative style of housing to better enhance the student's living and learning environment.

Several improvements and enhancements will be incorporated into this project. A primary change will be the addition of twelve (12) two-bedroom apartments for a total of 66 units. The original design of the building can easily accommodate the construction of the additional apartments at the end of each wing of the building. The additional cost to the project to construct the twelve (12) apartments is offset by the revenue which will be generated by the extra rooms. Also, the operational expenses for the facility will be spread over a larger number of residents.

Relationship to other Capital Improvement Projects

The University's Ten-Year Capital Improvement Plan for 1999-2001 includes the development of additional student residential housing facilities between 1999-2009. The proposed housing project is closely related to current and future capital improvement projects.

In 1996, the University commissioned the preparation of a Campus Master Plan for the future physical development of the campus. The Master Plan was completed in 1997 and projects the academic and support facilities, infrastructure changes, improvements, additions, resident facilities, roadways, and parking facilities needed during the next twenty years. The proposed student residence facility is the third building in the modified style of student housing planned on University property south of the Physical Activities Center. The site planned is consistent with the location shown on the Master Plan.

The construction of the proposed student housing facility has a direct relationship with other projects recently constructed and projects in the planning stage. The expansion of the University Center included additional student activities space needed to meet the needs of an increasingly residential student body. Residents of the proposed housing project will utilize the food service capabilities of the University Center to meet their dining needs.

The new Liberal Arts Center located west of the University Center opened in fall 1999. The Liberal Arts Center provides classrooms and laboratories for a majority of the liberal arts and humanities classes required by first-year students. Students living in the student resident facilities are within a three to four minute walk of the new Liberal Arts Center and the David L. Rice Library.

Construction for the Wellness, Fitness and Recreational Facility located to the northeast of this project will begin in fall 1999. The facility, with an anticipated completion date of spring 2001, will provide space for physical fitness and recreational sports and is a two minute walk of the student residence facilities.

The relationship of the proposed student housing project is closely tied to projects recently completed, currently under construction, or in the planning phase. The proposed site for the project is considered the ideal location for the development of future housing. It is centrally located in the core of campus with easy access to academic and student services facilities. As the University continues to develop the new student housing area, additional amenities are planned which will add to the quality of life of the students living in the housing facilities.

Summary Statistics

Project Size:	64,509 Gross Square Feet 48,118 Assignable Square Feet 1 Building housing a total of: 54 two-bedroom apartment units 12 one-bedroom apartment units 228 beds
	283 Gross Square Feet per Bed 211 Assignable Square Feet per Bed
Project Cost	\$6,200,000 (non-state funds) \$27,193 per bed \$96.11 per gross square foot
Bonding Authority	Acts of 1927 (I.C. 20-12-8)
Approximate Annual Debt Service	\$536,454 (paid through rental income)
Increased Annual Operating Expense	\$163,659 (paid through rental income)
Project Schedule	
Bid Date	April, 2000
Start Construction	May, 2000
Occupancy	July, 2001

University of Southern Indiana Student Housing History						
Project	Commission Action Date	Occupancy Date	Buildings	Units	Usable Beds	Total Cost
EXISTING PERMANENT HOUSING						
S.I.H.E. Initial Ten Buildings	n.a.	1983	10	172	592	\$3,600,000
S.I.H.E. Purchase Campus Apts.	n.a.	1985	13	104	357	2,750,000
S.I.H.E. Apartment Building	n.a.	1989	1	16	64	460,000
S.I.H.E. Apartment Buildings	n.a.	1990	2	32	128	1,100,000
S.I.H.E. Apartment Building	n.a.	1991	1	16	64	550,000
S.I.H.E. Apartment Building	n.a.	1992	1	16	64	550,000
S.I.H.E. Apartment Buildings	n.a.	1993	3	48	189	1,800,000
Apartment Building	Sep-1994	Aug-1995	1	16	64	800,000
Apartment Buildings	Sep-1995	Aug-1996	3	48	192	2,700,000
Apartment Buildings	May-1996	Aug-1997	4	64	256	4,300,000
Apartment Buildings	Sep-1997	Aug-1998	3	48	192	3,200,000
Apartment/Residence Hall Hybrid	Mar-1998	Aug-1999	1	54	180	4,468,913
Apartment/Residence Hall Hybrid	Mar-1998	Aug-2000	1	54	180	4,468,913
<i>Total</i>			44	688	2,522	\$30,747,826
PROPOSED ADDITIONAL PERMANENT HOUSING						
Apartment/Residence Hall Hybrid	Dec-1999	Jul-2001	1	66	228	\$6,200,000
ANTICIPATED OUT-OF-SERVICE FOR MAJOR RENOVATION						
Apartment Building		Jul-2001	(1)	(16)	(64)	n.a.
ANTICIPATED AVAILABLE STUDENT HOUSING JULY 2001			44	738	2,686	\$36,947,826

Relationship to Mission and Long-Range Planning

In 1989 the University of Southern Indiana was authorized in P.L. 211, Sec. 1, IC 20-12-8-1 by the Indiana General Assembly, to plan, construct, and finance student residence facilities. Prior to the authorization, Southern Indiana Higher Education, Inc. financed the construction of student housing. Since 1989 the number of students living in University provided housing has increased from less than 1,000 to 2,487 in fall 1999. Currently twenty-nine (29) percent of the student population resides in student housing. The ongoing development of student housing has enabled residential students to take full advantage of the educational, cultural, and recreational benefits offered through the campus. Also, the residential experience has significantly expanded the student's learning experience. Sources used in the development of the University's Ten-Year Housing Plan revealed that for students living on campus there is a statistically significant positive influence on persistence and completion of the bachelors degree.

The University of Southern Indiana is committed to increasing the postsecondary educational participation rate of young people and adults. The impact of the University has been significant. Enrollment at the University of Southern Indiana has increased from 5,713 in 1989 to 8,695 in the fall of 1999. Over sixty-eight (68) percent of the students at the University of Southern Indiana are from southwestern Indiana while twenty-two (22) percent are from other Indiana counties. A notable change in the student population is the increase in the number of full-time students from 3,312 in 1989 to 6,307 students in 1999. The residential experience has enhanced the overall academic experience of the students. At the same time, there has been increased demand for student housing.

In fall 1999, the first suite-style student residence building opened with 180 spaces. However, an additional thirty (30) students were housed in the facility because of the need for housing. The second building is scheduled for completion for fall 2000. The demand for student housing has increased from new students as well as from students who renew their housing contracts. Based on the demographics of the students enrolling at the University of Southern Indiana, the need for additional housing continues to increase.

In 1998, the University worked with the Commission for Higher Education to develop a formula approach to be used to determine the need for additional student housing at the University of Southern Indiana. The formula provides that the number of total on-campus beds not exceed 55 beds per 100 annual full-time equivalent students from Region 13, the University's Primary Service Area. Based on the University's enrollment and housing statistics, the addition in fall 2001 of two-hundred twenty-eight (228) beds is within the parameters of the formula. In fall 2001 there would be 55 beds per 100 FTE from the University's Primary Service Area.

Consistent with the goals established by the Commission for Higher Education, student retention and success are important goals for the University of Southern Indiana. The suite-style of student housing provides many of the support services key to a student's academic and social needs. The facility is functional, attractive, promotes a sense of community, is livable, and provides a positive living and learning environment.

The construction of the proposed facility is consistent with the University's long-range plan. Included in the University's Ten-Year Capital Improvement Plan for 1999-2001 is the development of additional student residential housing facilities between 1999 and 2009.

Need and Expected Contribution to Educational Services

In the past ten years, enrollment of full-time students at the University of Southern Indiana has increased approximately ninety (90) percent from 3,312 in 1989 to 6,307 students in 1999. Enrollment projections for the University indicate a steady enrollment increase reaching approximately 9,200 students by fall 2001. The success of students at the University of Southern Indiana is a critical educational objective of the institution. The University provides students with a residential experience that promotes a positive living/learning environment. Important in the development of the University's Ten-Year Housing Plan was research that supported the success of students in attaining their degree goals if they reside on campus.

Consistent with the goals established by the Commission for Higher Education and an important part of the initiatives included in the University's Lilly Grant is the University's commitment to increasing the participation and retention rates of students in postsecondary education. The availability of housing to students facilitates the opportunity to retain currently enrolled students. A student's development and education are influenced as deeply by the living environment as by the classroom experience. Resident life programs, a variety of activities, athletic events, and enrichment programs have been developed to provide a living and learning environment which complements the

University's educational process. These programs and others will be expanded with the development of the proposed housing project.

Alternatives Considered

The design and location of the new suite-style student resident facility has been well received by students and provides an alternative style of housing. Primarily freshmen students live in the resident facilities. Consistent with the University's plan was the construction of additional suite-style student housing facilities. Because of the introduction in 1999 of the new style of housing, an alternative style of housing was not considered. The University opted to improve the design of the new style of housing and to expand the facility by adding twelve (12) units to house an additional forty-eight (48) students. This will decrease the cost per bed for the construction of the facility and spread the operating cost over an increased number of residents.

An alternative to the development of student housing by the University is the private development of student residence facilities. For the proposed project, this option was not considered. In the past two years, several companies have discussed proposals for on-campus housing projects that would be constructed and privately managed. These proposals were evaluated, but the costs and risks were considerably greater than currently experienced.

The immediate community surrounding the University provides very few rental opportunities for students. Unlike other institutions in the state, the availability of rental property is limited, especially on the westside of Evansville. In 1999, the apartment vacancy rate for the city was 3.69 percent for 8,562 units. Only 12 percent of the available units are located on the westside of Evansville. In 1999, the vacancy rate on the westside for 1,057 units was 3.69 percent or 39 units. Although many students live in privately managed apartments, the complexes have not been developed to cater to students and generally are more expensive. The private developers who have expressed an interest in developing living units primarily for students have wanted the University to donate the land and to guarantee occupancy and profit margins to offset the cost and risk of the development. Although the University continues to pursue alternative opportunities for the construction of student housing, this was not considered a viable option for the proposed project.

The new suite-style of student housing has been successful and is considered the best option at the present time for the proposed housing project.

Relationship to Long-Range Facility Plans

The construction of additional student residence facilities was included in the University's 1999-2001 Ten-Year Capital Improvement Plan. Completion of the proposed facility for the 2001 fall semester will provide needed additional housing. As enrollment continues to increase and there is an even greater demand for affordable on-campus student housing. The increased demand for student housing necessitates the construction of additional units.

The Ten-Year Housing Plan for 1996-2005 outlines the University's objectives for future on-campus housing and the need for housing designed primarily for freshmen students. The updated Campus Master Plan identifies the need for additional student housing and the proposed location of new residential space. The University continues to follow the program statement included in the Ten-Year Housing Plan in the development of the proposed housing project and construct the facilities in the location identified in the Campus Master Plan.

Beginning in 2001, the University plans to begin the major renovation of the original student apartment buildings. This will require the University to remove from operation one to two buildings with 64 beds per year for the next several years. The original student apartment buildings, owned by Southern Indiana Higher Education, Inc. in 1983, are in need of major renovation. Because of the increased number of apartments and increased year-round occupancy, major renovations of these facilities cannot adequately be performed during the summer months. Individual buildings will be removed from inventory to perform major repair and renovation.

Staff Analysis

1. USI's practice has been to construct relatively small apartment-style student housing buildings "just-in-time". By adding capacity in small increments, consistent with enrollment growth, high occupancy rates have been maintained. With the single exception of 1994, a new facility was added (or is expected to be added) *in each of the thirteen years from 1989 to 2001*.
2. The student residence building which is now proposed, like those which USI has built in the past, is of commercial quality (wood frame and shingle roof). But it is not as "substantial" a structure as the more traditional steel frame and concrete residence halls which have been constructed on many other campuses. That difference partially explains why USI's cost per bed is relatively low (\$27,000 per bed for USI, versus \$40,000-50,000 per bed for a "traditional" residence hall).
3. With more than 300 students now in "overflow" or temporary housing, due to the unavailability of additional on-campus housing, it is clear that there is an immediate student demand for the *net* 164 beds which this project would add.

(Although the project adds 228 new beds, 64 existing beds will go off-line for major R&R, leaving a net increase of 164 beds.)

(Students classified as being in "overflow" housing are 41 students added as fifth persons in 4-person apartments, and 269 students living in the Golden Tower apartment facility owned by the USI Foundation.)

4. At its March, 1998 meeting, the Commission approved an analytical tool to guide future discussion concerning approval of additional student residence buildings. Specifically, for every additional 100 FTE students from its Primary Service Area, USI would be able to build student housing for an additional 55 students. Only by increasing service to the surrounding counties could USI add on-campus student housing.
5. By virtue of this analytical link, the University knows exactly what it will take to generate likely Commission support for additional student housing, and USI can manage its enrollment to make that happen.
6. This project satisfies the Commission's analytical constraint. It will add 228 beds just as 64 existing beds are taken out of service, yielding a total of 55.1 beds for every 100 students from USI's eleven county primary service area.

$$\begin{array}{rcl}
 2,522 & \text{existing beds} & \\
 228 & \text{new beds with this project} & \\
 \underline{(64)} & \text{beds taken out of service for major R\&R} & \\
 2,686 & \text{usable beds} & \\
 \\
 / 4,876 & \text{FTE students from eleven county primary service area} & \\
 \\
 = 55.1 & \text{usable beds per 100 students from primary service area} &
 \end{array}$$

7. The beds added by this project would exceed the Commission's decision rule, were it not for the fact that 64 beds are also being taken out of service for major renovation. For that reason, staff had some initial concern about what would happen to the ratio when the 64 renovated beds were returned to the inventory.

USI responded that for the foreseeable future, there will always be at least 64 beds out of service. As soon as one building is renovated, the University will move on to the next building. A total of twenty-four separate apartment buildings were occupied between 1983 and 1989, and all will require renovation.

8. As USI comes forward in the future with additional requests for student residence facilities, the Commission may want to consider redefining its eleven-county Primary Service Area to include four Kentucky counties (Daviess County, Hancock County, Henderson County, and Union County) and two additional Indiana counties (Orange County and Lawrence County).

The four Kentucky counties are those whose students are eligible to participate in Indiana's reciprocity program. They attend USI at Indiana resident tuition/fee rates, and receive enrollment change funding support from the State of Indiana.

The two Indiana counties are at the fringe of USI's current primary service area, and both counties have below-average college participation rates.